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Market Development Reports

NTUC FairPrice Singapore's American Style

Supermarket Making Waves

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NTUC FairPrice, Singapore's largest retailer, officially opened its American-style supermarket, Liberty Market, on March 5 with U.S. Ambassador Steven Green serving as guest of honor. The official opening followed by three months the opening of its doors for business.

Since its "soft" opening on December 4, Liberty Market is proving to be a regional American product showcase, marketing tool for FAS Cooperators and training center in the making.

In the three months since its opening, Liberty Market has imported 6,000 American products of which 2,500 are new items imported directly. The store adopting FairPrice's policy of not making an exorbitant profit, has already made an impact on the local market and beyond. FairPrice's low margin policy has forced competitors to lower margins on U.S. products, making them more attractive to Singapore's lower and middle income consumers. Competitors are also expanding the range of U.S. products they carry.

Located along the prime Orchard Road shopping belt, the store occupies a total area of 25,000 sq. ft., offering a one-stop shopping experience. Apart from the general grocery sections, the store has a gardening section complete with seeds, an exclusive Hallmark display with cards for almost all occasions and a post office where shoppers can buy stamps and mail letters and parcels.

Liberty Market, in its bid to provide better service to shoppers, inaugurated a lifestyle-oriented publication entitled, LIBERTY (to be published monthly). This magazine was launched on the official opening on March 5. Copies will be made available to shoppers at the store, some will be distributed to American retail chains like Borders and the Taco Bell.

The store will continue to look for innovative and better ways to serve the expatriate community through the expatriate focus groups.

A "CHAIN REACTION"...

With the success of the Liberty Market, plans are open up more Liberty Markets soon in the heartlands of Singapore. At least one will open by the end of this year.

NTUC FairPrice has also set up a separate trading company named INTERSTATE MARKET to carry out direct sourcing of products for the supermarket group and wholesale operations in Singapore and throughout Southeast Asia.

Liberty Market has garnered the attention of regional buyers, regional supermarket chains. Companies in Indonesia and Thailand are negotiating with Interstate Market to source products for their supermarkets as well. One investor is considering establishing a similarly styled store in the Philippines.

BACKGROUND

NTUC FairPrice which has 65 stores throughout the island, commands 55 - 60 percent share of Singapore's total food retail market value at US\$94 million annually. NTUC FairPrice started as a union cooperative in the early 1970s. It was established with the assistance of the Singapore Government to moderate the cost of living and to protect Singaporeans from retail profiteering.

FairPrice has a loyal customer base. Its 400,000 members receive about a 5 percent rebate on their purchases. FairPrice, whose main focus is in “neighborhood” (HDB government subsidized housing estates) apartments, has had no significant presence in the main central business district or the expatriates’ areas. Singapore boasts an expatriate community of 200,000. It has four store formats: Supermarkets, fresh markets, mini-markets, and the latest being the “Cheers” convenience type stores. The average store size is between 950 - 1,300 sq. meters.

In 1994, NTUC FairPrice, in their commitment to improve their retail operations and facilities, became a member of the International Grocers Alliance (I.A.), a 70-year-old alliance of U.S. grocery wholesalers and retailers. As a member of IGA, several U.S. visits were made, and with extended postings, hands-on work experience in IGA’s network of grocers, FairPrice was able to gain access to a wealth of marketing information and began to perfect the art of supermarket operations in its stores.

PROPOSAL TO USDA/EMERGING MARKETS PROGRAM

With a social role to provide quality and variety, the best at the lower prices, FairPrice requested IGA for assistance in developing a comprehensive strategy for the development of a new American Style supermarket. This new store targets American expatriates living in Singapore, as well as the middle - upper income groups who have spending power. Plans for this new concept store were reviewed with the Agricultural Trade Officer (ATO) Singapore, Food Marketing Institute in Singapore and USDA Washington, D.C. Discussions and meetings revolved around resources that will make this a “dream come true” for regional U.S. market development interests.

An EMO plan was submitted by IGA to USDA Washington, D.C. through the Emerging Markets program with the ultimate goal of turning the store into a regional U.S. Food Showcase within the S.E. Asia region and a training center for S.E. Asia and China store personnel. This new concept of “showcasing” American products, and the opportunity to expand American products into Singapore and the region led to the development of the LIBERTY MARKET, Singapore.

End of Report